

EXHIBIT 4

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT				1. CONTRACT ID CODE J	PAGE OF PAGES 1 24	
2. AMENDMENT/MODIFICATION NO. PZ0001		3. EFFECTIVE DATE See Block 16c		4. REQUISITION/PURCHASE REQ NO. SEE SCHEDULE		5. PROJECT NO (if applicable)
6. ISSUED BY NAVAL SEA SYSTEMS COMMAND (H01) 1333 RAAC HULL AVE SE WASHINGTON NAVY YARD DC 20376-2020		7. CODE N00024		8. ADMINISTERED BY (if other than contractor) SUPSHIP CHIEF COAST ATTN: CODE 410 PO BOX 3005 PASCAGOULAMS 39369-7005		9. CODE N69316
8. NAME AND ADDRESS OF CONTRACTOR (No. Street, County, State and Zip Code) SWANSHIP SHIPBUILDERS LLC 1000 LEEVEE RD MORGAN CITY LA 70306-1901				9A. AMENDMENT OF SOLICITATION NO.		
				9B. DATED (SEE ITEM 13)		
				X 10A. MOD. OF CONTRACT ORDER NO. N00024-09-C-2256		
				X 10B. DATED (SEE ITEM 13) 25-Sep-2009		
CODE 1VP86		11. FACILITY CODE				
12. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS						
<input type="checkbox"/> The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of offer <input type="checkbox"/> is extended. <input type="checkbox"/> is not extended. Offer must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing Items 8 and 15 and returning _____ copies of the amendment. (b) By acknowledging receipt of this amendment on each copy of the offer submitted in a clearly separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. (c) By notice of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.						
13. ACCOUNTING AND APPROPRIATION DATA (if required) See Schedule						
14. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACT ORDERS						
11. MODIFY THE CONTRACT ORDER NO. AS DESCRIBED IN ITEM 14						
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A						
B. THE ABOVE NUMBERED CONTRACT ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14 PURSUANT TO THE AUTHORITY OF FAR 43.105(b)						
C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:						
X D. OTHER (Specify type of modification and authority) Mutual Agreement of the Parties						
E. IMPORTANT: Contractor <input type="checkbox"/> is not <input checked="" type="checkbox"/> is required to sign this document and return <u>2</u> copies to the issuing office						
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by 1-C) section headings, including solicitation-contract subject matter (where feasible) Modification Control Number vbaklw 1010031 See Page 2						

I accept as valid herein all terms and conditions of the document referenced in Item 9 A or 10 A as heretofore changed, remain unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) CALVIN J. LOLELA PRESIDENT		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) John A. Kimener TEC LMAR	
15B. CONTRACTOR OFFICER (Signature of person authorized to sign)		16B. UNITED STATES OF AMERICA (Signature of Contracting Officer)	
15C. DATE SIGNED 19 JULY 2010		16C. DATE SIGNED 7-20-10	

EXCEPTION TO SI 30
APPROVED BY OIRM 11-84

30-108-04

STANDARD FORM 30 (Rev. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

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SECTION SF 30 BLOCK 14 CONTINUATION PAGE

SUMMARY OF CHANGES

The purpose of this modification to contract N00024-09-C-2256 is to:

- Definitize CLINs 0001-0009, 0011, and 0013-0017 at a total price of \$152,195,936. The total funded amount for these CLINs is increased from \$121,158,685.70 by \$31,037,250.30 to \$152,195,936.
- Delete the not-to-exceed cost constraint for CLIN 0010.
- Clarify the lifting gear requirement
- Add shipping cradles for CLINs 0007-0009
- Add one (1) steel shipping container for CLIN 0011
- Add SOW paragraph C.22 for Government Furnished Equipment
- Update clauses applicable to undefinitized contract actions to remove references to CLINs 0001-0009, 0011, and 0013-0017.
- Incorporate new Section H clause: Delivery Retention
- Update the Payment Events Schedule
- Update Attachments J-1 and J-2 to incorporate NG ECPs #1-3
- Add Attachment J-10 Schedule A – Government Furnished Equipment (GFE)

Accordingly, said contract is hereby modified as follows:

1. Under **SECTION B - SUPPLIES OR SERVICES AND PRICES**, the following changes are hereby incorporated:

a. CLINs 0001-0009, 0011, and 0013-0017 are hereby definitized and fully funded based on the following prices:

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001	Iraqi 35m Patrol Boats #1	1	Each	\$21,153,010.00	\$21,153,010.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$21,153,010.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000101	Iraqi 35m Patrol Boat #1		Each		\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6001/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AA

\$21,153,010.00

CIN: 00000000000000000000000000000000

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002	Iraqi 35m Patrol Boat #2	1	Each	\$15,509,655.00	\$15,509,655.00

FFP

Detail Design and construction of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

NET AMT	\$15,509,655.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000201	Iraqi 35m Patrol Boat #2				\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6002/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AA

\$15,509,655.00

CIN: 00000000000000000000000000000000

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0003	Iraqi 35m Patrol Boat #3	1	Each	\$13,112,990.00	\$13,112,990.00

FFP

Detail Design and construction of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

NET AMT	\$13,112,990.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000301	Iraqi 35m Patrol Boat #3		Each		\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6003/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AA

\$13,112,990.00

CIN: 00000000000000000000000000000000

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0004	Iraqi 35m Patrol Boat #6	1	Each	\$12,998,970.00	\$12,998,970.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$12,998,970.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000401	Iraqi 35m Patrol Boat #6		Each		\$0.00

FFP

Funding information only

Req#: PIQA75/9174/6001/OSAZ

FOB: Origin

PURCHASE REQUEST NUMBER: PIQA75/9174/6001/OSAZ

NET AMT	\$0.00
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ACRN AB

\$12,998,970

CIN: 00000000000000000000000000000000

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0005	Iraqi 35m Patrol Boat #7	1	Each	\$12,972,823.00	\$12,972,823.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$12,972,823.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000501	Iraqi 35m Patrol Boat #7		Each		\$0.00

FFP

Funding information only

Req#: PIQA75/9174/6002/OSAZ

FOB: Origin

NET AMT	\$0.00
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ACRN AB

\$12,972,823.00

CIN: 00000000000000000000000000000000

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0006	Iraqi 35m Patrol Boat #8	1	Each	\$12,997,327.00	\$12,997,327.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$12,997,327.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000601	Iraqi 35m Patrol Boat #8		Each		\$0.00

FFP

Funding information only

Req#: PIQA75/9174/6003/0SAZ

FOB: Origin

NET AMT	\$0.00
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ACRN AB

CIN: 00000000000000000000000000000000

\$12,997,327.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0007	Iraqi 35m Patrol Boat #4	1	Each	\$12,919,897.00	\$12,919,897.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$12,919,897.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000701	Iraqi 35m Patrol Boat #4		Each		\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6004/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AA

CIN: 00000000000000000000000000000000

\$12,919,897.00

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0008	Iraqi 35m Patrol Boat #5	1	Each	\$12,919,897.00	\$12,919,897.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$12,919,897.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000801	Iraqi 35m Patrol Boat #5		Each		\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6005/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AA

CIN: 00000000000000000000000000000000

\$12,919,897.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0009	Iraqi 35m Patrol Boat #9	1	Each	\$12,919,897.00	\$12,919,897.00

FFP

Detail Design and conversion of Iraqi 35 meter Patrol Boat and Documentation

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$12,919,897.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000901	Iraqi 35m Patrol Boat #9		Each		\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6006/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AA

CIN: 00000000000000000000000000000000

\$12,919,897.00

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0011	Spare Equipment				\$0.00
	FFP				
	FOB: Origin				
	PURCHASE REQUEST NUMBER: N0002409NR53133				
				NET AMT	\$0.00
ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0011AA	Spare Main Diesel Engine	3	Each	\$595,060.00	\$1,785,180.00
	FFP				
	Req#: PE4A75/9198/6042/0LBT				
	FOB: Origin				
	PURCHASE REQUEST NUMBER: N0002409NR53133				
				NET AMT	\$1,785,180.00
	ACRN AC				\$1,785,180.00
	CIN: 00000000000000000000000000000000				
ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0011AB	Spare Training Engine	1	Each	\$559,447.00	\$559,447.00
	FFP				
	Req#: PE4A75/9198/6043/0LBT				
	FOB: Origin				
	PURCHASE REQUEST NUMBER: N0002409NR53133				
				NET AMT	\$559,447.00
	ACRN AC				\$559,447.00
	CIN: 00000000000000000000000000000000				
ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0011AC	Spare Primary Generator Set	2	Each	\$66,254	\$132,508.00
	FFP				
	Req#: PE4A75/9198/6044/0LBT				
	FOB: Origin				
	PURCHASE REQUEST NUMBER: N0002409NR53133				
				NET AMT	\$132,508.00
	ACRN AC				\$132,508.00
	CIN: 00000000000000000000000000000000				

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0013	30mm GWS, MSI DS30MA2 (MK 44 Cannon)	3	Each	\$3,515,313.00	\$10,545,939.00

FFP

Purchase and Installation of MSI DS30M A2 30mm Gun Weapon System with MK 44 Cannon on Patrol Boats #1 through #3.

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$10,545,939.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
001301	30mm GWS, MSI DS30MA2 (MK 44 Cannon)		Each		\$0.00

FFP

Funding information only - guns 1-3

Req#: PE4A75/9198/6026/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AD

\$10,545,939.00

CIN: 00000000000000000000000000000000

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0014	30mm GWS, MSI DS30MA2 (MK 44 Cannon)	3	Each	\$3,451,353.66	\$10,354,061.00

FFP

Purchase and Installation of MSI DS30M A2 30mm Gun Weapon System with MK 44 Cannon on Patrol Boats #4 through #6.

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$10,354,061.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
001401	30mm GWS, MSI DS30MA2 (MK 44 Cannon)		Each		\$0.00
	FFP				
	Funding information only - guns 4-6 Req#: PIQA75/9174/6026/0SAZ FOB: Origin				
				NET AMT	\$0.00
	ACRN AE CIN: 00000000000000000000000000000000				\$10,354,061.00
ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0015	MK 93 Mod 2 MG Cradles, Mounts	18	Each	\$22,156.90	\$398,824.00
	FFP				
	Purchase of MK 93 Mod 2 gun cradles and mounts for the M2HB Machine Gun on each Patrol Boat (1-18). FOB: Origin PURCHASE REQUEST NUMBER: N0002409NR53133				
				NET AMT	\$398,824.00
ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
001501	MK 93 Mod 2 MG Cradles, Mounts		Each		\$0.00
	FFP				
	Funding information only (1-18) Req#: PE4A75/9198/6049/0LBT FOB: Origin				
				NET AMT	\$0.00
	ACRN AC CIN: 00000000000000000000000000000000				\$398,824.00
ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0016	MK 93 Mod 2 MG Cradles, Mounts	12	Each	\$22,045.75	\$264,549.00
	FFP				
	Purchase of MK 93 Mod 2 gun cradles and mounts for the M2HB Machine Gun on each Patrol Boat (19-30). FOB: Origin				
				NET AMT	\$264,549.00

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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
001601	MK 93 Mod 2 MG Cradles, Mounts		Each		\$0.00

FFP

Funding information only (19-30)

FOB: Origin

NET AMT	\$264,549.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0017	7.62 mm Machine Gun Cradles and Mounts	30	Each	\$21,698.73	\$650,962.00

FFP

Purchase of gun cradles and mounts for the M240 Machine Guns on each Patrol Boat.

FOB: Origin

PURCHASE REQUEST NUMBER: N0002409NR53133

NET AMT	\$650,962.00
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ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
001701	7.62 mm Machine Gun Cradles and Mounts		Each		\$0.00

FFP

Funding information only

Req#: PE4A75/9198/6012/0LBT

FOB: Origin

NET AMT	\$0.00
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ACRN AF

\$650,962.00

CIN: 00000000000000000000000000000000

b. The not-to-exceed cost constraint is hereby deleted from CLIN 0010.

c. NAVSEA Clause B-2 LETTER CONTRACT (FIXED-PRICE) (NAVSEA) (MAY 1993) is hereby restated as follows making it applicable to CLINs 0012, 0018, 0019, and 0020 only.

B-2 LETTER CONTRACT (FIXED-PRICE) (NAVSEA) (MAY 1993) (Applicable to CLINs 0012, 0018, 0019, and 0020 only)

This contract is a Letter Contract as defined in FAR 16.603-1. It is agreed that the definitive contract resulting from this Letter Contract will include a negotiated Firm Fixed Price contract in no event to exceed \$26,385,022.98.

2. Under **SECTION C – DESCRIPTIONS AND SPECIFICATIONS**, the following changes are hereby incorporated:

a. PART 1: GENERAL SCOPE OF WORK AND LINE ITEM DESCRIPTIONS, the statement of work for CLINs 0001-0009 is hereby restated as follows to add shipping cradles for CLINs 0007-0009 and remove lifting gear from CLINs 0003 and 0004:

ITEM 0001, 0002, 0003, 0004, 0005, 0006, 0007, 0008, 0009 – DETAIL DESIGN AND CONSTRUCTION OF IRAQI 35 METER PATROL BOATS AND DOCUMENTATION

The Contractor shall furnish all resources necessary to conduct the effort needed to design and construct the Iraqi Patrol Boats, Swiftships Model 35PB1208 E-1455. The Contractor shall provide the design effort in accordance with the requirements of the Iraqi PB Specifications for Patrol Boats #2 through 9, Attachment J-1; the Iraqi PB Specifications for Patrol Boat #1, Attachment J-2 (applicable only to PB #1); and the requirements of the Contract. Data and Documentation shall be prepared and provided to the US Government in accordance with the Iraqi PB Data Requirements List (DRL), Attachment J-3, and the requirements of the Contract. The Contractor shall provide items listed in the Iraqi PB Initial Outfitting List (IOL), Attachment J-5, and the Iraqi PB Damage Control (DC) List, Attachment J-6. CLINs 0001 and 0009 include the lifting gear as required in Section C-2.9. CLINs 0001 through 0009 include the boat cradles. CLINs 0001 through 0006 include the RHIB trailers as required in Section C-2.19. CLIN 0006 includes the boat models required in Section C 2.21

b. PART 1: GENERAL SCOPE OF WORK AND LINE ITEM DESCRIPTIONS, the statement of work for CLIN 0011 is hereby restated as follow to add one (1) steel shipping container:

ITEM 0011 – ADDITIONAL EQUIPMENT

The Contractor shall provide the following Additional Equipment identical to the equipment installed on the Patrol Boats: three (3) Main Diesel Engines with main reduction gear (MRG), one (1) Main Diesel Training Engine without MRG,, one (1) Main Diesel Engine steel shipping container, and two (2) complete Primary Generator sets (engine and generator). The Contractor shall provide an engine maintenance stand for the Main Diesel Engine to be used for training.

c. PART 2: STATEMENT OF WORK, paragraph C-2.9 Hoisting is hereby restated as follows to reduce the lifting gear requirement from four (4) to two (2):

C-2.9 Hoisting

The Contractor shall provide all handling gear, including but not limited to attachment fittings, permanent lifting fittings, and spreaders necessary to accomplish lift of boat from a single point. The Contractor shall prepare Hoisting Calculations and Hoisting Drawings demonstrating the structural adequacy of the slings. Two (2) complete sets of lifting gear shall be provided; one set of lifting gear shall be provided with the shipment of the first patrol boat and one set of lifting gear shall be provided with the shipment of the last patrol boat delivered under this contract. The Contractor may use one (1) set of these lifting gear for moving the Patrol Boats at the Contractor's facility during construction.

d. PART 2: STATEMENT OF WORK, paragraph C-2.19 Cradles and Trailers is hereby restated as follows to add shipping cradles for CLINs 0007-0009:

C-2.19 Cradles and Trailers

Shipping/Maintenance Cradles

The Contractor shall design, construct, and test nine (9) shipping/maintenance cradles. The Contractor shall ensure the cradles meet the requirements of the Iraqi PB Specifications for Patrol Boats #2 through 9 (Attachment J-1) and the Iraqi PB Specifications for Patrol Boat #1 (Attachment J-2).

RHIB Trailers

The Contractor shall purchase and deliver six (6) trailers for the Rigid-Hull Inflatable Boat (RHIB). The Contractor shall ensure the trailers meet the requirements of the Iraqi PB Specifications for Patrol Boats #2 through 9 (Attachment J-1) and the Iraqi PB Specifications for Patrol Boat #1 (Attachment J-2).

e. PART 2: STATEMENT OF WORK, paragraph C-2.22 MSI DS30M A2 30mm Gun Weapon System with MK 44 Cannon is hereby added as follows:

C-2.22 MSI DS30M A2 30mm Gun Weapon System with MK 44 Cannon (Applicable to Patrol Boats 7-9 only)

The Government will provide the MSI DS30M A2 30mm Gun Weapon System with Mk 44 Cannon as Government Furnished Equipment (GFE) in accordance with Attachment J-10. The Contractor shall install the MSI DS30M A2 30mm Gun Weapon System with Mk 44 Cannon on each Patrol Boat, including all system components identified in Attachment J-7. The Contractor shall install, align and test the 30mm Gun Weapon System in accordance with Attachment J-7, the manufacturer's requirements, and with the requirements of the Contract. The Contractor shall install the 30mm Gun Weapons Systems to meet the Contractor's construction schedule so that the Gun Weapons System is fully installed prior to Acceptance trials on each Patrol Boat. The Contractor shall deliver each Patrol Boat with the 30mm Gun Weapon System installed, except for the Mk 44 Cannon. The Contractor shall install the Mk 44 Cannon on each Patrol Boat during reactivation in-country.

3. Under **SECTION E – INSPECTION AND ACCEPTANCE**, clause *E-1 GUARANTY PERIOD (FT) (NAVSEA) (JAN 1990) (MODIFIED) (SEPT 2009)* is hereby modified as follows so that the guaranty period begins at the time of boat acceptance:

E-1 GUARANTY PERIOD (FT) (NAVSEA) (JAN 1990) (MODIFIED) (SEPT 2009)

(a) As used in this contract, the term "defects" includes any and all defects, deficiencies, deteriorations, and failure in the vessel(s). There shall be a guaranty period for each vessel beginning at the time of acceptance, and ending twelve (12) months after delivery in Iraq, unless extended as provided in paragraph (b) below.

(b) The guaranty period for each vessel shall be extended by the time during which such vessel is not available for unrestricted service by reason of any defects for which the Contracting Officer shall determine the Contractor to be responsible. During said period the vessel, after being fully equipped and armed and in all respects complete and ready for service, may be finally tried by and at the expense of the Government under conditions prescribed by the Secretary of the Navy. The Contractor may, with approval of the Contracting Officer, have an engineer on board such vessel during such period. Such engineer shall have every reasonable opportunity to inspect the working of such vessel in all its parts but shall have no power to direct or control its operation.

4. Under **SECTION F - DELIVERIES OR PERFORMANCE**, paragraph **F-1 Delivery** is hereby deleted in its entirety and replaced with **F-1 Delivery** as follows:

F-1 Delivery

All supplies to be furnished under this contract shall be delivered in accordance with the following schedule, unless otherwise noted:

CLIN / SLIN	Delivery Schedule
0001 - Iraqi Patrol Boat #1 Detail Design and Conversion	No Later Than 15 May 2010
0002 - Iraqi Patrol Boat #2 Detail Design and Construction	No Later Than 15 September 2010
0003 - Iraqi Patrol Boat #3 Detail Design and Construction	No Later Than 15 October 2010
0004 - Iraqi Patrol Boat #6 Detail Design and Construction	No Later Than 30 January 2011
0005 - Iraqi Patrol Boat #7 Detail Design and Construction	No Later Than 30 March 2011
0006 - Iraqi Patrol Boat #8 Detail Design and Construction	No Later Than 30 April 2011
0007 - Iraqi Patrol Boat #4 Detail Design and Construction	No Later Than 23 November 2010
0008 - Iraqi Patrol Boat #5 Detail Design and Construction	No Later Than 30 December 2010
0009 - Iraqi Patrol Boat #9 Detail Design and Construction	No Later Than 29 May 2011
0010 - PIO Spare parts, Special Tools, and Test Equipment	See Note A
0011AA-AC – Additional Spare Equipment	No Later Than 31 May 2011; See Note B
0012AA - Additional Weapon Spares	No Later Than 31 May 2011; See Note B
0012AB - Additional Electronics Spares	No Later Than 31 May 2011; See Note B
0012AC - Additional PB Onboard Spares	See Note B
0012AD - Additional PB Pack-up Kit Spares	See Note B
0013 - 30mm Gun Weapon System	See Note C
0014 - 30mm Gun Weapon System	See Note C
0015 - MK 93 Mod 2 Machine Gun Cradles and Mounts	No Later Than 30 June 2011
0016 - MK 93 Mod 2 Machine Gun Cradles and Mounts	No Later Than 30 June 2011
0017 - 7.62 mm Machine Gun Cradles and Mounts	No Later Than 30 June 2011
0018 - Contractor Engineering Technical Services	See Note D
0019 - Contractor Engineering Technical Services	See Note D
0020 - Contractor Engineering Technical Services	See Note D

NOTE A: For CLIN 0010, Deliveries for orders under CLIN 0016 will be provided in accordance with the requirements of each individual order.

NOTE B: For CLINs 0011, 0012AA, 0012AB, 0012AC, and 0012AD the equipment and material shall be delivered in conjunction with the delivery of a Patrol Boat.

NOTE C: For CLINs 0013 and 0014; The 30mm Gun Weapon System shall be delivered in conjunction with the delivery of each Patrol Boat. The Mk 44 Cannons will be accepted separately at the manufacturer's facility. The Mk 44 Cannon used for testing shall be delivered to the US Government at the Contractor's facility in accordance with the delivery schedule.

NOTE D: For CLIN 0018, Technical Services shall commence when the boats arrive at the beginning of re-activation and continue providing support for one (1) year after re-activation of PB #3 at the Umm Qasr Naval Base. For CLIN 0019, Technical Services shall commence when PB#4 arrives at the beginning of re-activation and

continue providing support for one (1) year after re-activation of PB #6 at the Umm Qasr Naval Base. For CLIN 0020, Technical Services shall commence when PB#7 arrives at the beginning of re-activation and continue providing support for one (1) year after re-activation of PB #9 at the Umm Qasr Naval Base.

5. Under **SECTION H – SPECIAL CONTRACT REQUIREMENTS**, the following changes are hereby incorporated:

a. new clause *H-14 DELIVERY RETENTION (Applicable to CLINs 0002-0009)* is hereby added as follows:

H-14 DELIVERY RETENTION (CLINs 0002-0009)

(a) If the Contractor fails to deliver any boat by the date(s) specified in Section F of this contract, the parties agree that, in place of actual damages, the Government has the unilateral right to reduce the Section B unit price of that boat as follows:

CLIN	Amount
0002	\$ 50,000
0003	\$ 50,000
0004	\$ 50,000
0005	\$ 50,000
0006	\$ 50,000
0007	\$ 50,000
0008	\$ 50,000
0009	\$ 50,000
TOTAL	\$400,000

(b) The amounts specified in paragraph (a) above, which are included in the Section B CLIN pricing, if not reduced unilaterally as a result of late delivery, will be withheld until the contractor successfully delivers CLINs 0002-0009 by the delivery dates specified in Section F of this contract. Upon successful delivery of all boats, the total of the remaining retentions will be released and be available for invoicing by the Contractor.

(c) The Parties agree the delivery schedules set forth in Section F may be adjusted when the delay in delivery or performance is beyond the control and without the fault or negligence of the Contractor as defined in the Default – Fixed-Price Supply and Service clause in this contract.

b. clause *H-11 PAYABLE EVENTS SCHEDULE (APPLICABLE TO CLINs 0001, 0002, 0003, 0004, 0005, 0006, 0007, 0008, 0009, 0011, 00012, 00013, 00014, 00015, 00016, 0017, 0018, 0019 and 0020)* is hereby deleted in its entirety and replaced with the following:

H-11 PAYABLE EVENT SCHEDULE (APPLICABLE TO CLINs 0001, 0002, 0003, 0004, 0005, 0006, 0007, 0008, 0009, 0011, 00012, 00013, 00014, 00015, 00016, 0017, 0018, 0019 and 0020)

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The Contractor shall perform the efforts required by the Contract and its attachments. The Contractor will be paid for each payable event accomplished, along with its associated documentation, upon US Government acceptance in accordance with the Schedule of Payments and Payable Events set forth below. With the exception of CLINs 0013 and 0014, in no event shall the contractor invoice for more than 75% of the CLIN value or the obligated amount, whichever is less, prior to establishment of definitive prices.

Payments for CLINs 0001 shall be made in accordance with the following payment schedule:

Task Number	Task	Event % Value	% of Task Completed
1.1	Present Clean Title of PB # 1 and Order Engines for the Patrol Boat	20%	20%
1.2	Landing of the Superstructure – Patrol Boat	18%	38%
1.3	PB #1 Launch	15%	53%
1.4	PB #1 Ready for Acceptance Trials	15%	68%
1.5	PB #1 Acceptance Trials Completed	10%	78%
1.6	PB #1 Acceptance: Zero Discrepancies	20%	98%
1.7	Retention	2%	100%

Payments for CLINs 0002, 0003, 0007, and 0008 shall be made for each CLIN in accordance with the following payment schedule:

Task Number	Task	Event % Value	Cumulative Percent of Task Paid
2.1.1	Order Patrol Boat Engines	20 %	20%
2.1.2	Completion of Transverse Framing - Patrol Boat	8%	28%
2.1.3	Roll Patrol Boat	10%	38%
2.1.4	Landing of the Superstructure – Patrol Boat	10%	48%
2.1.5	Patrol Boat Launch	12%	60%
2.1.6	Complete Propulsion System Alignment Test (post Launch)	7%	67%
2.1.7	Patrol Boat Ready for Acceptance Trials	5%	72%
2.1.8	Complete Level I Testing	10%	82%
2.1.9	Complete “Acceptance Trials”(30mm GWS HAT & LF Events excluded)	10%	92%
2.1.10	Complete “Live Fire” Event	3%	95%
2.1.11	Patrol Boat Acceptance: Zero Discrepancies	3%	98%
2.1.12	Retention/End of Warranty Period	2%	100%

Payments for CLINs 0004, 0005, 0006, and 0009 shall be made for each CLIN in accordance with the following payment schedule:

Note: For CLINs 0005, 0006, and 0009, in the event the Government Furnished Equipment identified in Attachment J-10 Schedule A is not furnished by the dates specified, the parties will mutually agree on adjustments to the remaining payable events.

Task Number	Task	Event % Value	Cumulative Percent of Task Paid
2.2.1	Order Patrol Boat Engines	20%	20%
2.2.2	Completion of Transverse Framing - Patrol Boat	10%	30%

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2.2.3	Roll Patrol Boat	10%	40%
2.2.4	Landing of the Superstructure – Patrol Boat	10%	50%
2.2.5	Patrol Boat Launch	10%	60%
2.2.6	Complete Engine Alignment Test (post Launch)	7%	67%
2.2.7	Patrol Boat Ready for Acceptance Trials	5%	72%
2.2.8	Complete Level I Testing	10%	82%
2.2.9	Complete “Acceptance Trials”(30mm GWS HAT & LF Events excluded)	10%	92%
2.2.10	Complete “Live Fire” Event	3%	95%
2.2.11	Patrol Boat Acceptance: Zero Discrepancies	3%	98%
2.2.12	Retention/End of Warranty Period	2%	100%

Payments for CLIN 0011 and 0012 shall be made for each CLIN in accordance with the following payment schedule:

Task Number	Task	Event % Value	% of Task Completed
3.1	Proof of Material Order	50%	50%
3.2	Delivery of all material	48%	98%
3.3	Retention	2%	100%

Payments for CLIN 0013 and 0014 shall be made for each CLIN in accordance with the following payment schedule:

Task Number	Task	Event % Value	% of Task Completed
4.1	Ordering of the 30mm Gun Weapon System	83%	83%
4.2	Certification of Installation by MSI – First System	7.5%	90.5%
4.3	Certification of Installation by MSI – Last System	7.5%	98%
4.4	Retention	2%	100%

Payments for CLINs 0015, 0016 and 0017 shall be made for each CLIN in accordance with the following payment schedule:

Task Number	Task	Event % Value	% of Task Completed
5.1	Receipt of the Gun Cradle and Mount	98%	98%
5.2	Retention	2%	100%

Payments for CLINs 0018, 00019 and 0020 shall be made for each CLIN in accordance with the following payment schedule:

CLIN	Task Number	Task	Event % Value	% of Task Completed
0018	6.1	Start of Contractor Engineering Technical Services (CETS) – Patrol Boat #1	15%	15%
0018	6.2	Completion of Patrol Boat #1 Guaranty Period	25%	40%
0018	6.3	Completion of Patrol Boat #2 Guaranty Period	30%	70%

0018	6.4	All Guaranty Items Complete – Patrol Boat #3	30%	100%
0019	7.1	Start of Contractor Engineering Technical Services (CETS) – Patrol Boat #4	15%	15%
0019	7.2	Completion of Patrol Boat #4 Guaranty Period	25%	40%
0019	7.3	Completion of Patrol Boat #5 Guaranty Period	30%	70%
0019	7.4	Completion of Patrol Boat #6 Guaranty Period	30%	100%
0020	8.1	Start of Contractor Engineering Technical Services (CETS) – Patrol Boat #7	15%	15%
0020	8.2	Completion of Patrol Boat #7 Guaranty Period	25%	40%
0020	8.3	Completion of Patrol Boat #8 Guaranty Period	30%	70%
0020	8.4	All Guaranty Items Complete – Patrol Boat #9	30%	100%

- Task 1.1 Present Clean Title of PB # 1 and Order Engines for the Patrol Boat:** Upon the Contractor providing the US Government with certified documentation that proves the first Patrol Boat is free of all liens and incumbrances, and evidence that the engine supplier is contractually obligated to provide the engines for the Patrol Boat; the Contractor may invoice the US Government for 20% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 1.2 Landing of the Superstructure on the Patrol Boat:** Upon the Contractor landing of the superstructure on the Patrol Boat; then the Contractor may invoice the US Government for 18% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 1.3 Patrol Boat Launch:** After the Patrol Boat has been placed in the water and secured pier side; and US Government inspection confirms the absence of any Hull and through Hull system leakage; then the Contractor may invoice the US Government for 15% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 1.4 Patrol Boat Ready for Acceptance Trials:** When the Contractor reports to the US Government that the Patrol Boat is complete in accordance with contract requirements; and the US Government provides written concurrence to the completion of the Patrol Boat; then the Contractor may invoice the US Government for 15% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 1.5 Patrol Boat Acceptance Trials Completed:** After the submission of all AT testing documentation for the Patrol Boat to the US Government; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 1.6 Patrol Boat Acceptance: Zero Discrepancies:** After the US Government clears outstanding actions or discrepancies listed at the conclusion of AT on the Patrol Boat, after the US Government approves all AT test reports that are required as part of the AT Report for the Patrol Boat, after all items under the applicable CLIN have been delivered, and the US Government accepts all data deliverables for the applicable CLIN; the Contractor may invoice the US Government for 20% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 1.7 Retention:** The US Government will withhold a reserve in the amount of two (2%) of the total contract price. If at any time it shall appear to the US Government that the amount of this reserve may be insufficient to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel, the US Government may deduct or withhold such additional amounts as it may determine necessary to render the reserves adequate from any line item. The use of retentions by the US Government to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel shall not be limited to the amount of retentions

accumulated for any single line item. Thus, use of retentions accumulated from one line item may be used to defray costs to the US Government on another line item. Retentions, if not used by the US Government to finish any unfinished work for which the Contractor is responsible or repair defects for which the Contractor is responsible, will be paid to the Contractor upon final acceptance for the applicable CLIN as defined in the "FINAL ACCEPTANCE" clause of this contract.

- Task 2.1.1 Order Engines for the Patrol Boat:** Upon the Contractor providing the US Government with evidence that the engine supplier is contractually obligated to provide the engines for the Patrol Boat; the Contractor may invoice the US Government for 20% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.2 Completion of Transverse Framing on the Patrol Boat:** Upon the completion of all transverse framing on the Patrol Boat and inspection by the US Government; the Contractor may invoice the US Government for 8% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.3 Roll the Patrol Boat:** When the Patrol Boat has been removed from its construction jig and inverted; the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.4 Landing of the Superstructure on the Patrol Boat:** Upon the Contractor landing of the superstructure on the Patrol Boat; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.5 Patrol Boat Launch:** After the Patrol Boat has been placed in the water and secured pier side; and US Government inspection confirms the absence of any Hull and through Hull system leakage; then the Contractor may invoice the US Government for 12% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.6 Complete Propulsion System Alignment Test (Post Launch):** After the Patrol Boat has completed Task 2.1.5; and after the US Government has signed Test Procedure L2-092-243 (Propulsion System Alignment Test) as completed without qualification or discrepancies; then the Contractor may invoice the US Government for 7% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.7 Patrol Boat Ready for Acceptance Trials:** When the Contractor reports to the US Government that the Patrol Boat is complete in accordance with contract requirements; and the US Government provides written concurrence to the completion of the Patrol Boat; then the Contractor may invoice the US Government for 5% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.8 Complete Level I Testing:** After the US Government has signed all L1 Test Procedures as completed without qualification or discrepancies; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.9 Patrol Boat Acceptance Trials Completed:** After the submission of all AT testing documentation for the Patrol Boat to the US Government exclusive of the MSI 30mm GWS Harbor Acceptance Trials and "LIVE FIRE" Testing documentation; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.10 Patrol Boat "LIVE FIRE" (LF) Trial Completed:** After the submission of all documentation for the Patrol Boat to the US Government for the MSI 30mm GWS Harbor Acceptance Trials and "LIVE FIRE" Testing; then the Contractor may invoice the US Government for 3% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.

- Task 2.1.11 Patrol Boat Acceptance: Zero Discrepancies:** After the US Government clears outstanding actions or discrepancies listed at the conclusion of AT on the Patrol Boat, after the US Government approves all AT test reports that are required as part of the AT Report for the Patrol Boat, after all items under the applicable CLIN have been delivered, and the US Government accepts all data deliverables for the applicable CLIN; the Contractor may invoice the US Government for 3% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.1.12 Retention:** The US Government will withhold a reserve in the amount of two (2%) of the total contract price. This amount includes the amounts identified in Section H clause H-14 Delivery Retention. If at any time it shall appear to the US Government that the amount of this reserve may be insufficient to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel, the US Government may deduct or withhold such additional amounts as it may determine necessary to render the reserves adequate from any line item. The use of retentions by the US Government to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel shall not be limited to the amount of retentions accumulated for any single line item. Thus, use of retentions accumulated from one line item may be used to defray costs to the US Government on another line item. Retentions, if not used by the US Government to finish any unfinished work for which the Contractor is responsible or repair defects for which the Contractor is responsible, will be paid to the Contractor upon final acceptance for the applicable CLIN as defined in the "FINAL ACCEPTANCE" clause of this contract.
- Task 2.2.1 Order Engines for the Patrol Boat:** Upon the Contractor providing the US Government with evidence that the engine supplier is contractually obligated to provide the engines for the Patrol Boat; the Contractor may invoice the US Government for 20% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.2 Completion of Transverse Framing on the Patrol Boat:** Upon the completion of all transverse framing on the Patrol Boat and inspection by the US Government; the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.3 Roll the Patrol Boat:** When the Patrol Boat has been removed from its construction jig and inverted; the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.4 Landing of the Superstructure on the Patrol Boat:** Upon the Contractor landing and the completion of welding of the superstructure to the deck of the Patrol Boat; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.5 Patrol Boat Launch:** After the Patrol Boat has been placed in the water and secured pier side; and US Government inspection confirms the absence of any Hull and through Hull system leakage; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.6 Complete Propulsion System Alignment Test (Post Launch):** After the Patrol Boat has completed Task 2.2.5; and after the US Government has signed Test Procedure L2-092-243 (Propulsion System Alignment Test) as completed without qualification or discrepancies; then the Contractor may invoice the US Government for 7% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.

- Task 2.2.7 Patrol Boat Ready for Acceptance Trials:** When the Contractor reports to the US Government that the Patrol Boat is complete in accordance with contract requirements; and the US Government provides written concurrence to the completion of the Patrol Boat; then the Contractor may invoice the US Government for 5% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.8 Complete Level I Testing:** After the US Government has signed all L1 Test Procedures as completed without qualification or discrepancies; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.9 Patrol Boat Acceptance Trials Completed:** After the submission of all AT testing documentation for the Patrol Boat to the US Government exclusive of the MSI 30mm GWS Harbor Acceptance Trials and "LIVE FIRE" Testing documentation; then the Contractor may invoice the US Government for 10% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.10 Patrol Boat "LIVE FIRE" (LF) Trial Completed:** After the submission of all documentation for the Patrol Boat to the US Government for the MSI 30mm GWS Harbor Acceptance Trials and "LIVE FIRE" Testing; then the Contractor may invoice the US Government for 3% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.11 Patrol Boat Acceptance: Zero Discrepancies:** After the US Government clears outstanding actions or discrepancies listed at the conclusion of AT on the Patrol Boat, after the US Government approves all AT test reports that are required as part of the AT Report for the Patrol Boat, after all items under the applicable CLIN have been delivered, and the US Government accepts all data deliverables for the applicable CLIN; the Contractor may invoice the US Government for 3% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 2.2.12 Retention:** The US Government will withhold a reserve in the amount of two (2%) of the total contract price. This amount includes the amounts identified in Section H clause H-14 Delivery Retention. If at any time it shall appear to the US Government that the amount of this reserve may be insufficient to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel, the US Government may deduct or withhold such additional amounts as it may determine necessary to render the reserves adequate from any line item. The use of retentions by the US Government to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel shall not be limited to the amount of retentions accumulated for any single line item. Thus, use of retentions accumulated from one line item may be used to defray costs to the US Government on another line item. Retentions, if not used by the US Government to finish any unfinished work for which the Contractor is responsible or repair defects for which the Contractor is responsible, will be paid to the Contractor upon final acceptance for the applicable CLIN as defined in the "FINAL ACCEPTANCE" clause of this contract.
- Task 3.1 Ordering of Spare Materials:** Upon the Contractor providing the US Government with evidence that applicable vendors are contractually obligated to provide the materials for the applicable CLIN; the Contractor may invoice the US Government for 50% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 3.2 Receipt of Spare Materials:** Upon receipt of all materials by the Contractor and inventoried by the US Government; the Contractor may invoice the US Government for 48% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.

- Task 3.3 Retention:** The US Government will withhold a reserve in the amount of two (2%) of the total contract price. If at any time it shall appear to the US Government that the amount of this reserve may be insufficient to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel, the US Government may deduct or withhold such additional amounts as it may determine necessary to render the reserves adequate from any line item. The use of retentions by the US Government to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel shall not be limited to the amount of retentions accumulated for any single line item. Thus, use of retentions accumulated from one line item may be used to defray costs to the US Government on another line item. Retentions, if not used by the US Government to finish any unfinished work for which the Contractor is responsible or repair defects for which the Contractor is responsible, will be paid to the Contractor upon final acceptance for the applicable CLIN as defined in the "FINAL ACCEPTANCE" clause of this contract.
- Task 4.1 Ordering of the 30mm Gun Weapon System:** Upon the Contractor providing the US Government with evidence that MSI Defence Systems is contractually obligated to provide the 30mm Gun Weapon Systems for the applicable CLIN; the Contractor may invoice the US Government for 83% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 4.2 Certification of the Installation by MSI – First System:** Upon US Government acceptance of the certification by MSI Defence Systems of the first 30mm Gun Weapon System installation under the applicable CLIN; the Contractor may invoice the US Government for 7.5% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 4.3 Certification of the Installation by MSI – Last System:** Upon US Government acceptance of the certification by MSI Defence Systems of the last 30mm Gun Weapon System installation under the applicable CLIN; the Contractor may invoice the US Government for 7.5% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 4.4 Retention:** The US Government will withhold a reserve in the amount of two (2%) of the total contract price. If at any time it shall appear to the US Government that the amount of this reserve may be insufficient to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel, the US Government may deduct or withhold such additional amounts as it may determine necessary to render the reserves adequate from any line item. The use of retentions by the US Government to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel shall not be limited to the amount of retentions accumulated for any single line item. Thus, use of retentions accumulated from one line item may be used to defray costs to the US Government on another line item. Retentions, if not used by the US Government to finish any unfinished work for which the Contractor is responsible or repair defects for which the Contractor is responsible, will be paid to the Contractor upon final acceptance for the applicable CLIN as defined in the "FINAL ACCEPTANCE" clause of this contract.
- Task 5.1 Receipt of the Gun Cradle and Mount:** Upon receipt of the Gun Cradle and Mount by the Contractor and inventoried by the US Government; the Contractor may invoice the US Government for 98% of the value of the applicable CLIN, subject to the retention and withholding clauses of this contract.
- Task 5.2 Retention:** The US Government will withhold a reserve in the amount of two (2%) of the total contract price. If at any time it shall appear to the US Government that the amount of this reserve may be insufficient to meet the cost to the US Government of finishing any unfinished work under this

contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel, the US Government may deduct or withhold such additional amounts as it may determine necessary to render the reserves adequate from any line item. The use of retentions by the US Government to meet the cost to the US Government of finishing any unfinished work under this contract for which the Contractor is responsible, or of correcting defects for which the Contractor is responsible which are discovered after acceptance or during the Guaranty period of any vessel shall not be limited to the amount of retentions accumulated for any single line item. Thus, use of retentions accumulated from one line item may be used to defray costs to the US Government on another line item. Retentions, if not used by the US Government to finish any unfinished work for which the Contractor is responsible or repair defects for which the Contractor is responsible, will be paid to the Contractor upon final acceptance for the applicable CLIN as defined in the "FINAL ACCEPTANCE" clause of this contract.

- Task 6.1 Start of In-Country Contractor Engineering Technical Services (CETS) – Patrol Boat #1:** After Patrol Boat #1 has been delivered to an Iraq Navy Base and the Contractor commences reactivation of the Patrol Boat; then the Contractor may invoice the US Government for 15% of the value of CLIN 0018; subject to the retention and withholding clauses of this contract.
- Task 6.2 Completion of the Guaranty Period for Patrol Boat #1 for In-Country Contractor Engineering Technical Services:** Upon completion of the Guaranty Period for Patrol Boat #1; the Contractor may invoice the US Government for 25% of the value of CLIN 0018, subject to the retention and withholding clauses of this contract.
- Task 6.3 Completion of the Guaranty Period for Patrol Boat #2 for In-Country Contractor Engineering Technical Services:** Upon completion of the Guaranty Period for Patrol Boat #2; the Contractor may invoice the US Government for 30% of the value of CLIN 0018, subject to the retention and withholding clauses of this contract.
- Task 6.4 Completion of all Guaranty Items – Patrol Boat #3:** Upon completion of the Guaranty Period for Patrol Boat #3 and US Government acceptance that all Guaranty items have been corrected on Patrol Boat #3; the Contractor may invoice the US Government for 30% of the value of CLIN 0018; subject to the retention and withholding clauses of this contract.
- Task 7.1 Start of In-Country Contractor Engineering Technical Services (CETS) – Patrol Boat #4:** After Patrol Boat #4 has been delivered to an Iraq Navy Base and the Contractor commences reactivation of the Patrol Boat; then the Contractor may invoice the US Government for 15% of the value of CLIN 0019; subject to the retention and withholding clauses of this contract.
- Task 7.2 Completion of the Guaranty Period for Patrol Boat #4 for In-Country Contractor Engineering Technical Services:** Upon completion of the Guaranty Period for Patrol Boat #4; the Contractor may invoice the US Government for 25% of the value of CLIN 0019, subject to the retention and withholding clauses of this contract.
- Task 7.3 Completion of the Guaranty Period for Patrol Boat #5 for In-Country Contractor Engineering Technical Services:** Upon completion of the Guaranty Period for Patrol Boat #5; the Contractor may invoice the US Government for 30% of the value of CLIN 0019, subject to the retention and withholding clauses of this contract.
- Task 7.4 Completion of all Guaranty Items – Patrol Boat #6:** Upon completion of the Guaranty Period for Patrol Boat #6 and US Government acceptance that all Guaranty items have been corrected on Patrol Boat #6; the Contractor may invoice the US Government for 30% of the value of CLIN 0019; subject to the retention and withholding clauses of this contract.
- Task 8.1 Start of In-Country Contractor Engineering Technical Services (CETS) – Patrol Boat #7:** After Patrol Boat #7 has been delivered to an Iraq Navy Base and the Contractor commences reactivation of

the Patrol Boat; then the Contractor may invoice the US Government for 15% of the value of CLIN 0020; subject to the retention and withholding clauses of this contract.

Task 8.2 Completion of the Guaranty Period for Patrol Boat #7 for In-Country Contractor Engineering Technical Services: Upon completion of the Guaranty Period for Patrol Boat #7; the Contractor may invoice the US Government for 25% of the value of CLIN 0020, subject to the retention and withholding clauses of this contract.

Task 8.3 Completion of the Guaranty Period for Patrol Boat #8 for In-Country Contractor Engineering Technical Services: Upon completion of the Guaranty Period for Patrol Boat #8; the Contractor may invoice the US Government for 30% of the value of CLIN 0020, subject to the retention and withholding clauses of this contract.

Task 8.4 Completion of all Guaranty Items – Patrol Boat #9: Upon completion of the Guaranty Period for Patrol Boat #9 and US Government acceptance that all Guaranty items have been corrected on Patrol Boat #9; the Contractor may invoice the US Government for 30% of the value of CLIN 0020; subject to the retention and withholding clauses of this contract.

6. Under **SECTION I – CONTRACT CLAUSES**, the following changes are hereby incorporated:

a. FAR clause *52.216-24 LIMITATION OF GOVERNMENT LIABILITY (APR 1984)* is hereby restated as follows making it applicable to CLINs 0012, 0018, 0019, and 0020 only:

52.216-24 LIMITATION OF GOVERNMENT LIABILITY (APR 1984) (Applicable to CLINs 0012, 0018, 0019, and 0020 only)

(a) In performing this contract, the Contractor is not authorized to make expenditures or incur obligations exceeding \$25,071,946.98 dollars.

(b) The maximum amount for which the Government shall be liable if this contract is terminated is \$25,071,946.98 dollars.

b. DFAR clause *252.217-7027 CONTRACT DEFINITIZATION (OCT 1998)* is hereby restated as follows making it applicable to CLINs 0012, 0018, 0019, and 0020 only:

252.217-7027 CONTRACT DEFINITIZATION (OCT 1998) (Applicable to CLINs 0012, 0018, 0019, and 0020 only)

(a) A Firm Fixed Price type contract is contemplated. The Contractor agrees to begin promptly negotiating with the Contracting Officer the terms of a definitive contract that will include (1) all clauses required by the Federal Acquisition Regulation (FAR) on the date of execution of the undefinitized contract action, (2) all clauses required by law on the date of execution of the definitive contract action, and (3) any other mutually agreeable clauses, terms, and conditions. The Contractor agrees to submit fixed price proposal and cost or pricing data supporting its proposal.

(b) The schedule for definitizing this contract is as follows:

Target date for definitization of the contract action: 180 days after contract award

Submission of revised proposal: 30 days after contract award

Beginning of negotiations: 120 days after contract award

(c) If agreement on a definitive contract action to supersede this undefinitized contract action is not reached by the target date in paragraph (b) of this clause, or within any extension of it granted by the Contracting Officer, the Contracting Officer may, with the approval of the head of the contracting activity, determine a reasonable price or fee in accordance with subpart 15.4 and part 31 of the FAR, subject to Contractor appeal as provided in the Disputes clause. In any event, the

Contractor shall proceed with completion of the contract, subject only to the Limitation of Government Liability clause.

(1) After the Contracting Officer's determination of price or fee, the contract shall be governed by--

(i) All clauses required by the FAR on the date of execution of this undefinitized contract action for either fixed-price or cost-reimbursement contracts, as determined by the Contracting Officer under this paragraph (c);

(ii) All clauses required by law as of the date of the Contracting Officer's determination; and

(iii) Any other clauses, terms, and conditions mutually agreed upon.

(2) To the extent consistent with paragraph (c)(1) of this clause, all clauses, terms, and conditions included in this undefinitized contract action shall continue in effect, except those that by their nature apply only to an undefinitized contract action.

(d) The definitive contract resulting from this undefinitized contract action will include a negotiated firm fixed price in no event to exceed \$26,385,022.98.

7. Under **SECTION J – LIST OF DOCUMENTS, EXHIBITS, AND OTHER ATTACHMENTS**, the following changes are hereby incorporated:

a. Attachment J-1: Iraqi PB Specifications for Patrol Boats #2 through 9 is hereby deleted in its entirety and replaced by Attachment J-1: Iraqi PB Specifications for Patrol Boats #2 through 9 dated 08 July 2010 attached hereto:

b. Attachment J-2: Iraqi PB Specifications for Patrol Boat #1 is hereby deleted in its entirety and replaced by Attachment J-2: Iraqi PB Specifications for Patrol Boat #1 dated 08 July 2010 attached hereto.

c. Attachment J-10: Schedule A – Government Furnished Equipment (GFE) is hereby added.

8. As a result of this modification, the funded amount under this contract is hereby increased by \$31,037,250.35.

Except as modified herein, all terms and conditions of said contract remain in full force and effect.